

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-01
INR-10 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06
SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-07
CEA-01 L-03 PA-02 /103 W
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FM AMCONSUL MONTREAL
TO SECSTATE WASHDC 186
INFO AMEMBASSY OTTAWA
AMCONSUL QUEBEC

UNCLAS MONTREAL 527

E.O. 11652: NA
TAGS: EFIN, CA
SUBJECT: QUEBEC ISSUE CLOSES SHORT--SUN LIFE SAYS NO

REF: MONTREAL 456

1. INVESTMENT SOURCES IN MONTREAL CONFIRM REPORTS CARRIED IN PRESS THAT QUEBEC'S PRIVATE PLACEMENT OF DEBENTURES INTENDED FOR INSURANCE COMPANIES, AND REPORTED REFTEL, HAS CLOSED DOL 15 MILLION SHORT OF DOLS 100 MILLION TARGET. SHORTFALL WILL NOT AFFECT THIS YEAR'S FINANCIAL REQUIREMENTS, WHICH HAVE BEEN MET. SHORTFALL WAS ATTRIBUTED LARGELY TO REFUSAL OF SUN LIFE TO PARTICIPATE IN FINANCING.

2. OF THE 19 INSURANCE COMPANIES WITH HEAD OFFICES IN QUEBEC, SUN LIFE WAS ONLY COMPANY WHICH DID NOT PARTICIPATE IN FINANCING. OF 25 LIFE INSURANCE COMPANIES WHICH OPERATE IN QUEBEC, BUT HAVE HEAD OFFICES ELSEWHERE, 20 PARTICIPATED.

3. YESTERDAY, FINANCE MINISTER JACQUES PARIZEAU TOLD QUEBEC'S NATINAL ASSUMBLY THAT GOVERNMENT HAD CHOSEN NOT TO REGULATE INSURANCE COMPANIES WITH REGARD TO INVESTMENTS, BUT RATHER TO UNCLASSIFIED

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GIVE THEM INVESTMENT OPPORTUNITIES. PARIZEAU SAID THAT IT WOULD NOT MAKE SENSE TO APPLY A LAW AGAINST ALL COMPANIES, WHEN THERE IS ONLY ONE COMPANY -- READ SUN LIFE -- WHICH REFUSES TO COOPERATE. MOST COMPANIES, PARIZEAU SAID, INVEST IN QUEBEC AN ACCEPTABLE AMOUNT OF MONEY THAT THEY COLLECT IN PREMIUMS.

4. WITH REGARD TO LEGILSATION, PARIZEAU NOTED THAT LEGISLATION

ALREADY EXISTED, AS BOURASSA GOVERNMENT PASSED BILL IN 1974
REQUIRING INSURANCE COMPANIES TO INVEST IN REASONABLE PROPOR-
TION TO THEIR BUSINESS IN QUEBEC. NO IMPLEMENTING REGULATIONS,
HOWEVER, THAT WOULD SPECIFY REQUIREMENTS WERE EVER PROMULGATED.
HARPER

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